



NACC

National Airlines
Council of Canada

CNLA

Conseil national des lignes
aériennes du Canada



**CANADIAN
AIRPORTS
COUNCIL**

**CONSEIL DES
AÉROPORTS
DU CANADA**

**2025 Pre-Budget Submission
to the House of Commons Finance Committee**

**By the
National Airlines Council of Canada
and Canadian Airports Council**

August 2025



Introduction

The National Airlines Council of Canada (NACC) represents Canada's largest passenger airlines – Air Canada, Air Transat, Jazz Aviation LP and WestJet. The mandate of NACC is to promote safe, sustainable, accessible, and competitive air travel by advocating for the development of policies, regulations, and legislation to foster a world-class transportation system.

The Canadian Airports Council (CAC), a division of Airports Council International-North America, is the voice for Canada's airports. Formed in 1992, as the devolution of airports to local control was beginning, the CAC has established itself as the reliable and credible federal representative for airports on a wide range of significant issues and concerns. The CAC represents over 100 airports, including all of the National Airports System (NAS) airports and most passenger service airports in every province and territory. CAC members handle virtually all of the nation's air cargo and international passenger traffic and 90% of domestic passenger traffic.

Canada's airports and airlines work hand in hand every day to deliver safe, accessible, efficient air travel service to and from Canada. Close collaboration between airports and airlines is essential for aviation to play the critical role it does in connecting people and goods to each other and the rest of the world. That is why NACC and CAC are submitting a joint submission in response to the House of Commons Finance Committee's 2025 pre-budget consultation. With a common interest in strengthening the overall Canadian aviation system, NACC and CAC have agreed that the following recommendations would not only lead to a more robust and sustainable aviation system, but also align with the federal government's stated priorities of enhancing affordability and connectivity for all Canadians. NACC and CAC submit the following recommendations to be actioned in the fall 2025 Budget.

#1: Accelerate the adoption of a digitization strategy for air travel in Canada

There is great potential for the use of biometrics and other digital travel tools to make air travel more efficient, and reduce costs – all while maintaining safety and improving the security and integrity of the system. However, Canada has been slow to embrace the benefits of a digitized travel experience, especially when compared to a number of other countries.

To expedite the implementation of a digitized travel framework that is aligned with international standards, we are recommending the following actions:

A. Immediate Regulatory Changes

- Implement a government policy which confirms the fact that digital ID's and biometric identity verification complies with the Secure Air Travel Regulations
- Amend CATSA Act to give authority for identity verification to CATSA screening officers

B. Supporting Actions and Funding

- Fund CATSA to remove the use of a screening officer for manual Verified Traveller lane ID checks and invest in automated infrastructure
- Modernize 20+ year old architecture in trusted travellers by using international standards (digital travel credential) phased in for domestic and international travel
- Evaluate existing identity credentials in use across Canada to ensure standardization of specifications and suitability/readiness for future technology (e.g. Secure Certificate of Indian Status)
- Leverage existing passenger information through Passport Canada's gallery of passport holders to accelerate adoption of identity confirmation for citizens.

C. Call on the Minister of Artificial Intelligence and Digital Innovation to advance a digital ID and biometrics strategy

- Request that the government establish a biometrics policy for all federal departments and agencies, supported by privacy protections and technology standards. This includes amending federal acts and statutes to enable the use of biometrics in the delivery of government services to Canadians.

Recommendation #1: Implement a government policy recognizing the digital travel credential compliant with international standards following the measures identified above.

#2: Reduce regulatory burden

Canada's aviation regulatory framework adds unnecessary costs and complexity to a system already overburdened by excessive regulation, and various proposals introduced by the previous government would make matters worse. Statistics Canada confirmed the burden of excessive regulation in a February 2025 report which demonstrated that the regulatory burden on all Canadian businesses had increased 37% between 2006 and 2021, resulting in Canadian GDP reduced by 1.7%, reduced job growth of 1.3%, and reduced business investment by 9%.

Examples of recent federal regulatory proposals that will significantly increase the cost of air travel include but are not limited to the following:

- In September 2024, the Canadian Transportation Agency (CTA) issued a consultation document in which they proposed that air carriers be required to pay a \$790 'cost recovery' levy for each claim filed by a passenger to the CTA, to be paid regardless of who was at fault, and retroactive to the CTA's current backlog of claims.
- In December 2024, Canada Gazette 1 contained proposals to amend the Air Passenger Protection Regulations (APPR) that the CTA estimated would add at least \$500 million to the cost of air travel over the next 10 years – a demonstrably low number; actual costs will be significant higher.
- Transport Canada is proposing to enhance Canada's non-passenger screening program by requiring 14 small airports with seasonal international service to invest over \$2 million per airport. While meeting ICAO's global standard is important to the industry, there are ways of achieving this compliance without creating an undue financial burden on small airports with very limited international service.

Many additional examples could be provided which align directly with the federal government's Red Tape Review initiative.

Given that the Prime Minister has identified reducing unnecessary, inefficient and costly regulations as a key government-wide priority in order to improve productivity, we recommend the 2025 Budget kick start a process of rebalancing the regulatory burden facing the aviation industry with an eye towards reforming or eliminating unnecessary, costly regulations.

Recommendation #2: Rebalance aviation regulations to ensure regulations are modern, aligned with international standards and recommended practices, and lead to lower cost. This review should consider existing and proposed regulations including halting the proposed \$790 cost recovery levy proposed by the Canadian Transportation Agency and the Canada Gazette 1 proposals for APPR published December 21, 2024.

#3: Include airport infrastructure in federal funding programs

Airports are strategic assets in Canada's long-term trade competitiveness, supply chain resilience, and economic growth. They are not just transportation nodes—they are essential enablers of a globally connected Canadian economy and supply chain. Airports generate nearly \$50 billion in GDP, employ more than 435,000 people, and create over \$123 billion in economic output. One of the key growth drivers of the sector is cargo, with tonnage shipped through airports increasing more than 44% between 2016 and 2023. This is facilitating big business as 42% of the value of Canadian exports is shipped by air, and 50% of that is in the belly of passenger aircraft.

Given their critical importance to nation building, cargo movement, supply chain resilience, connectivity, and economic and social growth, it is critical that airports are eligible for all federal infrastructure funding programs, including the promised National Trade Diversification Fund and Projects of National Significance.

Recommendation #3: NACC and CAC recommend that airports are eligible and prioritized for funding under any current and future federal infrastructure funding programs, including the National Trade Diversification Fund and Projects of National Significance.

#4: Cap airport rent and review the formula

The Crown rent that airports are required to pay is effectively a tax on an airport's gross revenues. Since being transferred from the federal government, airports have already paid \$7.9 billion in rent to the Crown, including \$525 million in 2024. The rent paid to the government represents 8-12% of an airport's budget, which would be better invested in critical services, technology, and infrastructure.

Capping the Crown rent that the federal government charges to airports at 2024 levels would allow government to collect revenue at current levels, but would ensure that this payment does not continue to compound. This would enable additional funds from the growth in aviation to be reinvested back into airport infrastructure development further offsetting fees passengers, airlines, and other users. In addition to capping Crown rent, the formula needs to be reviewed to eliminate the burden of government double taxation. Take for example a car rental - a consumer pays GST on the car rental, then the airport pays Crown rent on these associated revenues. Reviewing the rent formula should focus on eliminating such outcomes.

Airports have more than \$28 billion to invest in airport infrastructure over the next decade to meet growing demand - capping rent and reviewing the formula will be a positive step forward in helping them make these critical national investments.

Recommendation #4: NACC and CAC recommend that the federal government cap airport rent at 2024 levels and review the current rent formula.

#5: Reform Airport Zoning Regulations (AZR) and Airspace Protections, including noise, to address emerging challenges introduced by recent high density residential developments in proximity to airports

Safety is the most important consideration in air travel. However, current regulations did not anticipate the proliferation of new, taller buildings around airport zones, which can have the additional effect of increasing costs, reducing cargo and passenger revenues, increasing travel times and disrupting departure schedules.

There is no federal regulation to protect arrival and departure rights of way. Just as we cannot build a structure in the middle of the Trans Canada Highway, we must protect our skies and efficient access to them. Immediate changes in federal regulation, as well as enforcement for proposals from developers and the associated municipal planning authorities, are the most efficient way to deal with these issues. Currently, changes to federal zoning regulations can take as long as seven years, which allows for the potential of developments to devastate the global hub and connectivity model currently present in the Canadian market. New flight tracks for NAV CANADA, airlines and airports can take two years to implement. The issue is that instrument procedures used by aircraft for safe landings and take-offs can extend for 10 to 15 miles from an airport and developments that are currently planned in some cities have the potential to penetrate the airspace.

We are recommending that the Government of Canada strengthen the regulatory framework to protect Canada's airspace and airport economic zones from obstruction essential for ensuring aviation safety and operations. We must protect the integrity of Canada's vital airspace by protecting the Instrument Flight Paths (IFP) through strong federal regulation. The Government of Canada already has powers in the Aeronautics Act Section 5.4, which allows for action to be taken on lands that "in the opinion of the Minister, is incompatible with the operation of an airport."

Recommendation #5: NACC and CAC recommend that the federal government put in place regulations that provides a means for airports and Nav Canada to be made aware of proposed objects that may cause an intrusion to the approach and departure surfaces, in advance of construction, to determine if they will be an obstacle to air navigation, and provides a means to prevent and/or mitigate the impact of the obstacle that is deemed to be a hazard to air navigation outside of existing AZR.